

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Crowne Plaza Hotel
408 Sutter Street
San Francisco, California
December 13, 2001

PANEL MEMBERS

Marsha Kwalwasser
Acting Chairperson

David Brown
Member

Aram Hodess
Member

Robert Holstein
Member

Robert Lennox
Member

Patricia Murphy
Member

Tom Rankin
Member

Executive Staff

Peter McNamee
Executive Director

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Crowne Plaza Hotel
408 Sutter Street
San Francisco, California
December 13, 2001

I. CALL TO ORDER

Aram Hodess, Vice Chair, called the public Panel meeting to order at 10:10 a.m. Mr. Hodess introduced Peter McNamee, who was recently appointed by Governor Gray Davis to serve as Executive Director of the Employment Training Panel. Mr. McNamee stated his goal as Executive Director is to ensure that the same level of quality and integrity of ETP will be maintained as has been demonstrated in the past. He noted that he was extremely pleased to have been appointed and stated that he is greatly looking forward to working with the Panel.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Acting Chair (arrived at 1:40 p.m.)
Aram Hodess, Vice Chair
David Brown
Robert Holstein (left at 4:35 p.m.)
Pat Murphy
Tom Rankin

Members Absent

Robert Holstein
Robert Lennox

Executive Staff Present

Peter McNamee, Executive Director
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. AGENDA

ACTION: Mr. Brown moved and Mr. Holstein seconded the Panel approve the Agenda.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

IV. APPROVAL OF MINUTES

ACTION: Mr. Holstein moved and Ms. Murphy seconded the Panel approve the minutes.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

V. REPORTS OF THE PANEL MEMBERS

There were no reports from the Panel members.

VI. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro reported that Ada Carrillo, Tom Rankin, and he had met with Senator Wesley Chesbro in a continuing effort to educate Legislators on the ETP training program and its role in helping the California economy.

Mr. DeMauro stated there would be a discussion on a regulation for high unemployment at the afternoon session of today's meeting.

Mr. DeMauro announced the retirement of Otome Nagano, ETP's North Hollywood field office Monitoring Manager. She has been with ETP for 17 years and has done an outstanding job. Mr. DeMauro introduced Dolores Kendrick who will be replacing Ms. Nagano.

Mr. Hodess welcomed the new Executive Director and stated how much the Panel has appreciated Mr. DeMauro and Ada Carrillo who have been handling added responsibilities due to the absence of an Executive Director and two Assistant Directors.

Mr. Hodess questioned whether the Panel, in the event a quorum is not present, wished to delegate to the Executive Director the authority to approve or disapprove project proposals in consultation with the Chair and Vice Chair.

ACTION: Mr. Holstein moved and Mr. Brown seconded the Panel approve a delegation to the Executive Director, if a quorum does not exist, of the authority to approve or disapprove project proposals in consultation with the Chair and Vice Chair.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

Mr. Hodess announced the concept paper, "Small Business Training - Coaching as a Reimbursable Training," would be presented at the afternoon session of that day's meeting at which time Ms. Kwalwasser would be present.

VII. AGREEMENTS AND AMENDMENTS

City of Sunnyvale

Mr. DeMauro stated that representatives of City of Sunnyvale, on behalf of the NOVA and San Mateo County Workforce Investment Boards/EDD Techforce Initiative, had requested to be allowed to present the final training agreement proposal at the afternoon session of today's meeting due to a Board meeting at the County. The City of Sunnyvale project would, therefore, be heard later.

PacifiCare Health Care Systems, Inc.

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for PacificCare Health Care Systems, Inc., in the amount of \$2,215,430 to retrain 2,934 employees. PacificCare Health Care Systems projects an in-kind contribution of \$4,250,271 in wages paid to employees while in training, and \$979,264 in training costs for 2,000 trainees not covered by ETP funds. PacifiCare Health Care Systems is headquartered in Santa Ana, California, and is one of the nation's largest health care services companies. It provides health insurance products, behavioral health, dental and vision services, life and health insurance, pharmacy benefit management, and Medicare+Choice management services for employer groups and Medicare beneficiaries.

Ms. Torres introduced Monica Ebert, Senior Training Consultant, and Carol A. Black, Vice President, Human Resource & Organization Development. Mr. Rankin questioned the high turn over rate of 19.6 percent. Ms. Black replied the turnover rate for the California operations is only 11 percent; the 19.6 percent rate is for the entire Company.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

Charter Communications Entertainment II, LLC

Ron Tagami, manager of ETP's North Hollywood field office, presented a One-Step Agreement for Charter Communications Entertainment II, LLC, in the amount of \$410,449 to train 258 employees. Charter Communications has recently built and/or upgraded thousands of miles of Fiber Optic and coaxial cable allowing activation of a new, two-way communications system that permits customers to experience the full range of advanced video and communications services. Charter Communications is making a \$15 million investment in a new call center. Recent technological breakthroughs, such as advanced digital technology, require employees to have skill-sets that were not previously required. Charter Communications has designed and developed courses that are based on business strategies and current

technology. The call center is a new facility and does not have an established turnover rate. The turnover rate for the Los Angeles area facilities that will provide staff for the new call center was 20.62 percent in the past calendar year. Language has been added to the Charter Communication's Agreement that states that the Company will earn the final 25 percent of the cost per trainee only if the Company reduces its turnover rate for the new facility to 20 percent during the last 12 months of the Agreement. This project has the support of International Brotherhood of Electrical Workers (IBEW, Local Union 45).

Mr. Tagami introduced Warren Rodgers, Vice President Human Resources, and Lloyd Webster, Business Manager/Financial Secretary, Local 45 IBEW – AFL-CIO.

ACTION: Mr. Rankin moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

ITT Industries Goulds Pumps, Inc. – Vertical Products Operations

Mr. Tagami presented a One-Step Agreement for ITT Industries Goulds Pumps, Inc. – Vertical Products Operations in the amount of \$183,554. The Company manufactures, tests and repairs a full range of pump products to meet industrial, agricultural, commercial, municipal and residential fluid handling needs. The Company is located in the City of Industry and employs 111 full-time workers. In order to meet the goal of becoming a high performance workplace, the Company plans to retrain 107 employees in Continuous Improvement, and Computer, Business, Management, and Manufacturing Skills.

Mr. Tagami introduced Shashank Patel, Controller & Manager Customer Services, and Karen Perez, Sr. Human Resources Representative. Mr. Rankin asked for a clarification of the collective bargaining unit that represents the shop employees. Mr. Patel explained the Shop Employees of Goulds Pumps Vertical Products Operations is a “quasi” union within the Company that negotiates contracts between the employees and the Company. Mr. Hodess requested a contingency be added to the Agreement that the Company will not earn the final 25 percent of the cost per trainee if its turnover rate exceeds 20 percent during the last 12 months of the Agreement. Mr. Patel agreed.

ACTION: Mr. Brown moved and Mr. Holstein seconded the Panel approve the One-Step Agreement with contingency that the Company will not earn the final 25 percent of the cost per trainee if its turnover rate exceeds 20 percent during the last 12 months of the Agreement.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

Kraft Foods Nabisco Biscuit West, Inc.

Mr. Tagami presented a One-Step Agreement for Kraft Foods Nabisco Biscuit West, Inc., in the amount of \$520,000 to retrain 100 frontline workers in Continuous Improvement, Business Skills, Hazardous Material Skills, Manufacturing Skills, and Computer Skills. Kraft Foods produces over 15 products including Graham Crackers, Oreos, Premium Saltines, Ritz Crackers, Triscuits, and Wheat Thins. The Company needs to create a high workplace environment in order to remain competitive. This project is supported by the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union Local 83.

Mr. Tagami introduced Dennis Pollard, Plant Manager, and Gary Dressler, Human Resource Coordinator.

ACTION: Mr. Rankin moved and Mr. Holstein seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

21st Century Insurance

Mr. Tagami presented a One-Step Agreement for 21st Century Insurance Group in the amount of \$1,277,640 to train 700 new employees who will be employed at seven call centers located in Brea, Concord, Monrovia, San Diego, San Jose, and Woodland Hills. All training proposed will be driven by the introduction of new telecommunications and computer technologies, as well as widen the scope and complexity of services offered to 21st Century customers. The Company has stated that this new training program will be formalized for all new employees and will become part of the Company's on-going training at the end of this ETP Agreement.

Mr. Tagami introduced John Talley, Director/Corporate Training. Mr. DeMauro stated the training proposed in the Agreement is training that the Company has provided in the past at its own expense, but because of the downturn in the economy, the Company stated it is not able to provide the training it normally provided. Mr. DeMauro requested specific justification from the Company on its request for training funds, including a showing by the Company that it imposed cutbacks across the board and not only in training.

Mr. Holstein asked if the Company could provide more information to justify an exception to the Panel's mandate of not funding training which a company normally provided in the past. Specifically, Mr. Holstein asked if the Company had statistics showing a downturn in the Company's profit margin as a direct result of the recent events of September 11 and the downturn of the economy. Mr. Talley replied the Company has been experiencing a downturn in activity since the Northridge earthquake. Mr. Talley also provided that the Company's combined ratio has increased since the earthquake to 1.05, which the Company is currently trying to

decrease. He stated the Company is currently focusing on a marketing and sales approach with new sales support systems and call centers rather than its previous "order taking" concept.

Ms. Murphy asked what percentage of the Company's sales are from out-of-state. Mr. Talley replied very little sales come from out-of-state, approximately 5 percent. He stated 95 to 96 percent of sales are within California.

Mr. DeMauro advised the Panel that it could ask for a written assurance from the Company that their profits have been negatively affected by the downturn in the economy which have also resulted in cuts in the Company's budget throughout a majority of its departments, not only training. The letter provided by the Company did not directly address these issues.

Mr. Talley provided the Company has had staffing reductions in the training department and other areas of the Company, such as finance and customer care facilities.

Mr. Hodess stated the Panel generally does not fund training that companies normally provide. According to the materials submitted, the proposed training is an updated version of the training which the Company previously provided. Mr. Hodess felt that the Panel's approval of the Company's project, in light of the recession, would send an undesirable message to other companies that training is one of the first budget items which can be decreased during a budget crisis because the State will provide a subsidy to replace their training funds. Mr. Hodess suggested the Company reevaluate its budget cuts to training and find ways to continue to fund the training it has provided in the past without State assistance. Mr. Hodess stated that all industries are being affected in the recession, and those companies which are already providing training must find ways to continue to fund such training in order to remain competitive. He recommended rejection of this proposal.

Steve Duscha, representing PricewaterhouseCoopers, stated the Company plans on continuing a substantial amount of training. The training proposed in this Agreement is directed to new employees. It is new training that has not been offered before, but replaces other training that the Company has offered for new employees. The Company's financial situation will result in less training overall, and the reductions will fall on existing employees rather than new employees.

Mr. Brown expressed his concerns that the Panel may be rejecting a proposal for a California company which is experiencing difficulties, along with other companies, but still fits within the Panel's overall mandate of helping California companies and workers.

Ms. Murphy stated that, with the recession, the Panel would have increasing difficulty in distinguishing whether a company's training is on-going or supplemental. She stated this project raises a question on where the Panel's support is needed in an

economic downturn. Ms. Murphy stated ETP funding should not be thought of as a “blanket replacement” for training funds in the event of a downturn in a company’s financial position. She suggested that at a future date the Panel have a broader discussion on supplemental training during difficult economic times and the downturn in the economy.

Ms. Murphy felt that the Company made a good-faith effort to show that it has been adversely affected by the economy. Mr. Holstein thought that the Company had not provided enough information to show that the Company had been negatively impacted by the economy.

Mr. DeMauro suggested that the Panel ask the Company to provide a letter detailing the specific cuts in the Company’s budget to justify its request for funding.

Mr. Hodess stated a one-time exception made for this Company would create a precedent for thousands of other similarly situated companies. Mr. Hodess felt the approval of this project would send the wrong message to California employers. Rather, he provided that ETP should market the value of employer-funded training because the Panel’s limited funds are not enough to fund the training needs of all companies. He provided the Company recognized the value of training because it had a training budget, which was affected by the recession. Mr. Hodess stated that the Federal government may decide to provide financial assistance to insurance companies affected by the September 11 attacks. However, the approval of this project would encourage other companies who are currently funding training to eliminate training from their budgets during financial hardship in hopes of getting ETP funding for training.

Mr. Rankin pointed out that the training department had a larger proportion of layoffs than other departments, which demonstrated that training was one of the first areas targeted for budget cuts.

ACTION: Mr. Hodess moved and Mr. Rankin seconded the Panel deny the One-Step Agreement.

Motion carried to deny, 3 – 2 (Roll call vote: Mr. Brown – no; Mr. Holstein – yes; Ms. Murphy – no, Mr. Rankin – yes; Mr. Hodess – yes).

Recot, Inc. d.b.a. Frito-Lay, Inc. Visalia

Charles Rufo, manager of ETP’s Sacramento field office, presented a One-Step Agreement for Recot, Inc., d.b.a. Frito-Lay, Inc. – Visalia, in the amount of \$162,340. This project was brought to the Panel’s attention through the marketing efforts of the California Manufacturers Technology Association (CMTA). Frito-Lay is a manufacturer of snack products. Frito-Lay Visalia is seeking ETP funding to provide a training program for 145 employees, which will move the Visalia location closer to a

high-performance workplace. Frito-Lay Visalia is committed to continually providing training for its employees. The proposed training would not occur without ETP funds. Company officials estimate that training and training-related costs not covered by ETP funds will be \$50,000, and estimated wages to be paid to trainees during training hours to be \$189,450.

Mr. Rufo introduced James Gause, Manufacturing Manager; and Matt Maynard, CMTA.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

Tenaya Lodge at Yosemite

Mr. Rufo presented a One-Step Agreement for Tenaya Lodge at Yosemite in the amount of \$143,000 to retrain 150 employees in Continuous Improvement, Business Skills, Computer Skills, and Management Skills. Tenaya Lodge is a destination resort that attracts local, national, and international guests as well as business groups. Although out-of-state tourism is down and many resorts in the hospitality industry have had to lay employees off, Tenaya Lodge has been able to maintain its staff. However, officials realize that to retain its current workforce, maintain a competitive edge, and attract more out-of-state clients, its needs to transition its resort into a high performance workplace. Tenaya Lodge will provide an in-kind contribution of approximately \$200,000 in trainee wages during training. Tenaya Lodge requests an early start date of training, December 14, 2001. The winter months are Tenaya's lowest occupancy months, which is the best time for training employees.

Mr. Rufo introduced Val Hardcastle, General Manager, Donald Ponniah, Assistant General Manager, and Connie Beauregard, Human Resource Manager. Mr. Rankin was concerned with tips being allowed to meet the ETP minimum wage rate. He stated tips are given freely to the employees by guests, not the employer, and should not be used to meet the ETP minimum wage requirement. Ms. Murphy stated regulations were enacted specifically for the purpose to be able to provide the hospitality industry with the opportunity to receive funding for training vital to improving the skills of its minimum wage employees. Ms. Carrillo stated current regulations allow the use of commission, health benefits, and tips to be included in the calculation of the ETP minimum wage. Mr. Rankin questioned the limit of tips that can be calculated to meet the required ETP minimum wage rate. He stated that 25 percent has been added to the minimum wage to meet ETP's required minimum wage rate.

Mr. Hodess requested the Panel discussion on tips be on the January 2002 Agenda.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 4 – 1 (Mr. Rankin voted no; Ms. Kwalwasser absent).

Trend Technologies, Inc.

Creighton Chan, manager of ETP's San Mateo field office, announced the One-Step Agreement for Trend Technologies, Inc., has been withdrawn from consideration at this month's Panel meeting.

VIII. FUND STATUS

Ms. Carrillo reported if all projects presented at today's Panel meeting are approved, 56 percent of available training money would have been appropriated. She stated to fully encumber all the available training funds so that unspent monies are not vulnerable to the upcoming budget hearings, the Panel will need to approve at least \$50 million worth of contracts in the next three months.

IX. STRATEGIC PLAN IMPLEMENTATION UPDATE

Ms. Carrillo reported that, due to the downturn in the economy which was exacerbated by the events of September 11, the proposed discussions and actions on supplemental training be suspended until businesses have time to reassess their operating budgets and revenues available for training. The policy hearing on SET criteria will be held at the January 2002 Panel meeting. The proposed regulation changes on high unemployment areas of the State will be presented at today's Panel meeting. The research and action on the requirements for conducting a request for proposal process has been delayed until the latter part of this fiscal year in order to allow for the new Executive Director's involvement. Staff have developed three customer surveys that will be implemented this month: 1) potential contractors who withdrew their funding requests; 2) contractors whose contracts were terminated prior to completion; 3) visitors to the ETP Web Site. These surveys will be used to improve to processes and service to customers. Staff will provide ongoing reports of survey findings to the Panel. Ms. Carrillo stated the overview on local economies would continue to be presented at each Panel meeting. There will be a Panel discussion at today's Panel meeting on whether contributions should be required from employers participating in new hire projects. An economist from the Technology, Trade, and Commerce Agency will provide an overview of economic multipliers at tomorrow's Panel meeting. Ms. Carrillo reported that staff has met and reviewed all existing regulations and will present a regulatory calendar for Panel consideration at the January meeting.

Ms. Carrillo announced that, based upon the success of a pilot program conducted this past year in the San Diego field office, staff have begun initiating the combined project development and monitoring functions in the North Hollywood office.

X. ANNUAL REPORT

Mike Rice, manager of ETP's Planning and Development Unit, presented a brief overview of ETP's Annual Report 2000-2001. The most significant event in the past fiscal year was the enactment of SB 43, which made the ETP program permanent. Other significant accomplishments in the fiscal year 2000-2001 were: targeted business and industry with the greatest impact on California's economy; approved 258 new training projects and encumbered \$86.4 million for the training and employment and/or retention of approximately 69,000 workers at an average ETP cost of \$1,251 per trainee; reduced disencumbrances for the third consecutive year to 25 percent, far below the historical rate of 40 percent; and improved customer service through increased automation of the contracting process.

In addition, last year's completed contract data showed continued emphasis on funding for training in high-skill, high-wage jobs, at a reasonable cost. Small business was again a priority: 79 percent of businesses served in completed contracts were small; 39 percent had 20 or fewer workers. Manufacturing and high technology continued to be a high priority, with 67 percent of all funds having been earned by businesses in those sectors.

Mr. Rankin requested including in the report the breakdown between new hire and retrainee average costs. Ms. Murphy requested a statistical comparison between years of the increase in contracts coming from rural areas. She stated the statistics would aid the Panel in making policy decisions.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel approve the Annual Report, with direction to staff to incorporate any requested changes and to delegate authority to the Executive Director for final approval prior to submitting it to the Governor and Legislature.

Motion carried, 5 – 0 (Ms. Kwalwasser absent).

XI. PUBLIC COMMENT

There were no members of the public who wished to comment.

The Panel moved to the City Suite Room to hear from a panel of speakers on the state of local economic conditions.

XII. STATE OF THE BAY AREA ECONOMY DISCUSSION

Charles Lundberg, manager of ETP's Marketing Unit, introduced Dr. Cynthia Kroll, Regional Economist, Fisher Center for Real Estate and Urban Economics, University of California Berkeley. Dr. Kroll stated that high technology was a major cluster leading the economy into recession. The sectors losing jobs most rapidly are almost

all manufacturing sectors with the higher skilled employees suffering the biggest impact. The losses are not confined to high-tech sectors but are across a wide range of industries, including apparel and food processing. She stated that California's economy is not slowing as much as the nation as a whole.

Mr. Lundberg introduced Brian Murphy, Executive Director, San Francisco Urban Institute, San Francisco State University. Mr. Murphy stated the projected unemployment rate for San Francisco has dramatically changed in the business service industry due to the collapse of the tourist industry resulting from the September 11 events. He stated only 23 percent of the jobs in San Francisco require a high school diploma or equivalent. He stated the displaced worker funds are very low. There has been no targeted effort for funding training to individuals needing retraining to reenter the workforce. Mr. Murphy said no one has proposed lateralling or bridging between occupations and there is no funding program available. He stated training alone will not stop layoffs, other circumstances cause layoffs. He projects the California budget cuts are going to cause even more layoffs. He stated the State should focus its money on education and training.

Mr. Lundberg introduced Don Barker, Project Coordinator, SFO Organizing Project, AFL-CIO. Mr. Barker spoke on the impact on the San Francisco Airport from the events of September 11. He stated the San Francisco Airport is an economic engine for the entire Bay Area. Not only was air travel impacted, but many other sectors were also impacted, such as in-flight catering, cargo, shipping, warehousing, and security. Approximately 80 percent of the workforce had been displaced due to the federalization of security screening. The loss of travelers affected the Bay Area's food and beverage industry, and retail stores. Many construction projects have been placed on hold. He stated not only will funding be needed to retrain those individuals reentering the workforce, but also for support in assisting those in need of child care, and/or transportation.

The Public Panel Meeting resumed business in the Union Square Ballroom at 1:40 p.m.

XIII. AGREEMENTS AND AMENDMENTS CONTINUED

Ms. Kwalwasser joined the Panel meeting.

Mr. Rufo presented a One-Step Agreement for Recot, Inc., d.b.a. Frito-Lay, Inc. – Modesto, in the amount of \$421,214 to retrain 451 employees. This project was brought to the Panel's attention through the marketing efforts of the California Manufacturers Technology Association (CMTA). The Frito-Lay manufacturing plant in Modesto manufactures and distributes snack foods to consumer outlets through the United States and overseas. The Modesto facility is one of only two companies in the country that serves U.S. military bases around the world. Officials of Frito-Lay are applying for ETP funds to provide a training program to move their Modesto facility to a

high-performance workplace. This is the second Agreement involving the Company's Modesto facility.

Mr. Rufo introduced Gene Azevedo, Continuous Improvement Manager for the Modesto Plant, Frito-Lay; and Matt Maynard, CMTA. Mr. Azevedo stated the first contract with ETP was not as successful as anticipated because of a large number of SOST hours and an internal problem with documentation.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

City of Sunnyvale on behalf of the NOVA and San Mateo County Workforce Investment Boards/EDD Techforce Initiative

Mr. Chan presented a Final Agreement for City of Sunnyvale on behalf of the NOVA and San Mateo County Workforce Investment Boards/EDD Techforce Initiative in the amount of \$530,740 to retrain 400 employees in Computer Skills. This proposal was approved by the Panel as a proposed Agreement at the September Panel meeting. Mr. Chan stated the Contractor has met all the contingencies. A significant change in the Agreement amount from \$581,620 to \$530,740 resulted from changing the final reimbursement rate from \$20 to \$18.25. The Contractor recalculated the estimated employer in-kind contribution to be \$829,800 rather than the original estimate of \$435,200, which reflects a more realistic average wage paid to trainees while in training.

Mr. Chan introduced Rob Gamble, Workforce Development Manager, and Heidi Anderson, Program Supervisor.

ACTION: Mr. Hodess moved and Mr. Holstein seconded the Panel approve the Final Agreement.

Motion carried, 6 – 0.

XIV. OLD BUSINESS

Small Business Coaching

Steve Duscha, Steve Duscha Advisories, presented a concept paper requesting one-on-one coaching be considered an approved method of ETP funded training. This application proposes to pilot test one-on-one coaching as the training method combining elements of classroom, laboratory, and structured on-site training in a method that is highly customized. All training is through one-on-one coaching with a trainer directly interacting with one trainee at a time. The coach follows a specific

curriculum customized to the needs of individual trainees and the companies where they will be employed. No regular work will be completed during basic instruction, which may take place at a distance from the trainee's worksite or at the worksite and may involve simulated work products. These hours will be equivalent to classroom or laboratory training in a standard ETP contract. The remainder of the training may consist of observing and evaluating the trainee and providing coaching and feedback while the trainee is performing regular work activities. Mr. DeMauro commented that California State University at Northridge is currently conducting a study of the effectiveness of SOST and reimbursement rates and a report should be ready for Panel review by May 2002. Ms. Kwalwasser questioned how Mr. Duscha arrived at the \$50/\$57.50 hourly costs for coaching. Mr. Duscha explained the rates were taken from previous ETP Welfare to Work costs of approximately \$22 per hour, adding benefits, preparation time, travel time, administration, and a 5 percent profit. Ms. Murphy stated coaching should be the employer's portion of an in-kind contribution to training. She questioned the quality of training to be provided by a coach when they only received a relatively small number of training hours themselves. Mr. Rankin stated that the coaching concept appears to be a form of a consulting business. Mr. Hodess also had a concern about the effectiveness of training a coach from a trainer who does not understand the unique intricacies of that particular job. Ms. Kwalwasser stated that the Panel would like to hear study results on the effectiveness of SOST before proceeding with any coaching contracts. Ms. Kwalwasser requested Mr. Duscha to present existing examples to prove the effectiveness of the coaching concept. There was no action taken by the Panel at this time.

Comprehensive Training Systems, Inc.

Ms. Torres presented a One-Step Agreement for Comprehensive Training Systems (CTS), Inc., in the amount of \$495,360. This is the tenth ETP funded project proposed by CTS. CTS is a non-profit organization that provides employment and pre-employment training services. CTS proposes to train 90 unemployed individuals to be hired as Medical Receptionists/Billing Clerks, Medical Assistants, and Building Maintenance Staff. CTS agreed to a reimbursement fee of \$5,504 per trainee, which is the same amount paid by the Workforce Investment Act. CTS justifies the high cost per trainee by placing trainees into employment that provides wages in excess of the current ETP New-Hire minimum and into career paths that lead to advancement. CTS reported that the New-Hire participating employers provide in-kind contributions both during the pre-employment training and during the 90-day retention period once the trainees are hired. During the pre-employment phase, employers conduct mock interviews, provide current labor market information and in-kind contributions of supplies, and conduct company tours for participating trainees. Once trainees are placed into employment, participating employers provide ongoing training during the 90-day retention period. ETP Policy states that when pre-apprenticeship training is being considered for trades with Division of Apprenticeship Standards (DAS) the applicant seeking the contract must be a DAS approved apprenticeship program or be

participating in a DAS approved apprenticeship program, and upon completion of the approved pre-apprenticeship training, trainees must be enrolled in a DAS approved apprenticeship program to work in the industry in which they have received pre-apprenticeship training. DAS staff stated there are two apprenticeship courses for Maintenance Repairer offered, one is located in Northern California and the other is located in Riverside County. CTS stated the Building Maintenance training would not duplicate or parallel existing DAS approved apprenticeship training within San Diego County given that both DAS training sites are located well outside of the San Diego area.

Ms. Torres introduced Linda Blair-Forth, President. Mr. Hodess requested staff to closely review the curriculum of building maintenance types of training and if there is any apprenticeship-type training involved, such as electrical, painting, plumbing, the Panel cannot fund training that parallels any apprenticeship program. Mr. Rankin objected to the high cost of training for individuals in lower-paying jobs.

ACTION: Ms. Kwalwasser moved and Ms. Murphy seconded the Panel approve the One-Step Agreement at the \$5,504 per trainee reimbursement rate.

Motion carried, 5 – 1 (Mr. Rankin voted no).

Automotive Dealership Business School

Mr. Tagami presented a One-Step Agreement for Automotive Dealership Business School (ADBS) in the amount of \$240,920. ADBS is located in Long Beach and provides specialized training to the automotive industry. ADBS is requesting ETP funds to train 100 unemployed persons as new hires. Twenty trainees will be trained as Registration Contract Clerks at a cost of \$5,745 per trainee. The high cost is due to the length of many hours required to enable a trainee to function satisfactorily as a Registration Contract Clerk. The wage for these trainees after retention will be \$11 per hour. The Contractor estimated the employer contributions would total \$175,440 for training that will occur in the first 90 days of employment.

Mr. Tagami introduced Kathy Wallace-Johnson, Founder/School Director. Mr. Rankin questioned how a Service Advisor could estimate the cost of a repair without any mechanical training. Ms. Wallace-Johnson explained that the Service Advisors are trained on industry specific software. She stated there is no apprenticeship-type mechanic training.

ACTION: Mr. Rankin moved and Mr. Holstein seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0 (Mr. Hodess was absent during the vote).

Glendale Community College Professional Development Center

Mr. Tagami presented a One-Step Agreement for Glendale Community College Professional Development Center in the amount of \$1,975,920 to retrain 1,340 employees. This is the 27th Agreement between Glendale Community College Professional Development Center and ETP. Glendale Community College provides customized, job-specific training for business and workers and has trained 24,000 workers from 3,600 Southern California employers in its 16-year history of providing ETP-funded training.

Mr. Tagami introduced Sharleen Wagner, Executive Director. Mr. Hodess requested letters from the unions represented stating that the proposed training does not conflict with apprenticeship programs.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement with caveat of requesting letters from participating Unions stating the proposed training does not conflict with existing apprenticeship programs.

Motion carried, 6 – 0.

GoTrain, Inc.

Mr. Tagami presented a One-Step Agreement for GoTrain, Inc., in the amount of \$193,700 to retrain 215 employees in Continuous Improvement, Computer Skills, Management Skills, and Business Skills. GoTrain is located in Long Beach and delivers on-site, classroom based vocational training. The school has invested almost \$200,000 to develop a Learning Management System enabling it to deliver live instructor-led vocational training over the web. This project is supported by the United Industrial, Service, Transportation, Professional and Government Workers of North America.

Mr. Tagami introduced Reggie Akpata, Director.

ACTION: Mr. Brown moved and Mr. Holstein seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

Long Beach Workforce Development Bureau

Mr. Tagami presented a One-Step Agreement for Long Beach Workforce Development Bureau in the amount of \$474,720 to retrain 300 employees in advanced information technology skills, which includes Network Management, Information Technology Management, Software Management, Programming Languages, and Project Management. This project will use funds from the

\$10 million set aside to support the EDD's Career Ladders and Information Technology (IT) initiatives. This is an IT project serving underemployed workers at small businesses employing fewer than 100 employees. These funds support training for frontline workers in occupations that pay 95 percent of the State average hourly wage in businesses difficult to serve under the Panel's standard project format. This will be the fourth project between Long Beach Workforce Development Bureau and ETP. All training will be customized to each participating employer's needs.

Mr. Tagami introduced Sheri Rossillo, Business Services Coordinator, and Ray Worden, Workforce Development Bureau Manager.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

Long Beach Workforce Development Bureau

Mr. Tagami presented a second One-Step Agreement for Long Beach Workforce Development Bureau in the amount of \$458,020 to retrain 700 current workers. Companies will be able to choose from several training curricula such as Business Skills, Computer Skills, Management Skills, and Continuous Improvement. Occupations for those to be trained include administrators, accounting staff, operations staff, management and supervision staff, leads, technicians, production staff, engineers, and customer service staff. The participating employers do not have the means to provide this training without the assistance from ETP. This project will provide the necessary funding to maximize the marketability of each trainee by offering the skills necessary to secure long-term employment.

Mr. Tagami introduced Sheri Rossillo, Business Services Coordinator, and Ray Worden, Workforce Development Bureau Manager.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0.

Center for Employment Training

Mr. Rufo presented a One-Step Agreement for Center for Employment Training (CET) in the amount of \$1,906,344 to train 283 new hires. This project will use regular funding of \$1,795,712 and \$110,632 of SET High Unemployment Area funds. CET is a community-based private non-profit corporation operating 18 training centers in California. CET has trained and placed thousands of long-term welfare recipients, dislocated workers, farm workers, high school dropouts, limited

English speakers, and teen parents. The trainees in this project are hard-to-serve individuals with multiple barriers to employment and require additional hours of instruction to successfully complete training. All training under this project is for unemployed individuals who will be placed in full-time, year-round employment upon completion of their training. Language has been added to the Agreement stating that the Contractor will be reimbursed for training in Welding, Heating Ventilation Air Conditioning, and Commercial Food Service only if there is no duplication according to DAS from the approved apprenticeship programs for these occupations and if the trainees complete their post-training retention period in manufacturing industry or commercial food service employment or go into an approved apprenticeship program. CET stated that to qualify for an apprenticeship program, trainees must have a high school diploma or GED equivalency and pass an entrance test to be accepted. The trainee population that CET serves cannot meet these minimum entrance requirements.

Mr. Rufo introduced Daniel Alfaro, Development Director; Dora Mendivil, San Diego Training Director; Elizabeth Hudson, Sacramento Training Coordinator. Mr. Rankin stated his concern with this project is that it has an extremely high cost of \$6,718 per trainee to train individuals who will only be making an average of \$15,480 per year. Mr. Alfaro explained that the students are individuals who have low reading, writing, and math skills who do not qualify for training by other training providers. The training CET provides is intensive in order to provide the trainees with the necessary skills for full-time permanent employment. Mr. Hodess stated that trainee wages could not be considered an in-kind contribution if the trainee is actually manufacturing a product during training. Ms. Carrillo stated there is no requirement, at this time, of an in-kind contribution from new hire contractors. She stated it was a prior determination that, since there is no employer of record during the training period of new hires, it would be reasonable to include wages provided during the employment retention period. She stated that even though there is some production time, it is reduced, especially during the first 90 days retention period of a new employee.

ACTION: Ms. Murphy moved and Mr. Holstein seconded the Panel approve the One-Step Agreement.

Motion carried, 4 – 1 –1 (Mr. Rankin voted no; Mr. Hodess abstained).

Ms. Kwalwasser suggested staff use caution when there is a multi-county proposal using Statewide statistics. She suggested staff clarify that the wage figures being presented are the average and do not necessarily reflect the actual wages to be paid.

Ms. Kwalwasser requested that, due to the number of issues raised regarding the CET proposal, the Executive Director of CET make a presentation at a future Panel meeting.

Refrigerating Engineers Technicians Association

Mr. Rufo presented a One-Step Agreement for Refrigerating Engineers Technicians Association (RETA) in the amount of \$264,640 to train 180 employees. RETA trains and educates individuals who operate the systems in the industrial refrigeration industry and develops and publishes educational training material. The participating employers in this Agreement who have employees represented by a collective bargaining unit have provided letters of support from the union whose members are included in this training project. RETA will charge participating employers a security deposit per trainee and a portion will be refunded to the employer after each trainee completes the ETP retention requirements. Ms. Lombardo stated that the security deposit policy gives RETA the assurance of a commitment from the employers to have trainees complete contract requirements.

Mr. Rufo introduced Cori Lombardo, Executive Director; and Beth Ingle, General Manager of BLI Company. Mr. Hodess requested letters from the unions represented stating the proposed training does not conflict with any apprenticeship program.

ACTION: Mr. Rankin moved and Mr. Holstein seconded the Panel approve the One-Step Agreement with caveat of requesting letters from participating Unions stating the proposed training does not conflict with existing apprenticeship programs.

Motion carried, 6 – 0.

Silicon Valley College

Mr. Chan presented a One-Step Agreement for Silicon Valley College (SVC) in the amount of \$1,034,100 to train 180 new hires. SVC's justification for the high training cost of \$5,745 per trainee is that training will result in placement into jobs that will pay significantly more than the ETP minimum wage of \$10.14.

Mr. Chan introduced Sal Younis, President, and Sandra Dixon, Retraining Coordinator. Mr. Younis stated the College will be targeting the IT industry due to the precipitous decline in employment in the Bay Area's IT industry and retrain those displaced workers in a new-hire CAD training program.

ACTION: Mr. Holstein moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 5 - 1 (Mr. Rankin abstained).

XV. APPROVAL OF PROJECTS LESS THAN \$100,000

Alton Diversified Technologies, Inc.	\$28,600
Cyclone Components	\$6,400
DynCorp Systems & Solutions, Inc.	\$72,240
Olaes Enterprises, Inc.	\$72,128
Sanyo Energy	\$35,092
Seagate RSS, LLC	\$49,552
Technicolor Cinema	\$72,280
Corning Incorporated	\$93,600
High Sierra Plastics	\$97,120
United Education and Computer College	\$75,060
Recot, Inc. d.b.a. Frito-Lay, Inc., Modesto (In-house Amendment)	\$0
Samoa Pacific Cellulose	\$69,680
BIW Connector Systems	\$75,362
Creative International Pastries, Inc.	\$33,820
Finelite, Inc.	\$29,600
Gardco Lighting, Inc.	\$65,360
Trinity Construction	\$39,936

ACTION: Ms. Murphy moved and Mr. Holstein seconded the Panel approve delegating to the Executive Director the authority to approve those contracts that are less than \$100,000.

Motion carried, 6 – 0.

XVI. PUBLIC COMMENT

Mr. Chan introduced Jessica Thomas who spoke on behalf of Creative International Pastries, Inc., and presented a variety of samples.

XVII. POLICY ISSUES

Employer Contributions: New Hire Training

Ms. Carrillo reported in May 2001, the Panel approved a policy requiring all employers receiving retraining funds to contribute towards the project costs, with new-hire and Welfare to Work projects being exempt from the contribution requirement. At its October 2001 meeting, the Panel requested that staff revisit the policy to determine whether contributions should also be required of participating employers in new-hire contracts where contractors train unemployed workers who are then placed and retained in employment with employers who need their skills. The issue was discussed further at the November 2001 Panel meeting. The same concerns were expressed at today's Panel meeting plus the concern over the high

cost of training for unemployed workers, relative to the return on that investment. In many cases, high-cost new hire training is for occupations where turnover is high and wages are low.

Ms. Carrillo stated that under ETP's 2001-02 Strategic Plan implementation schedule, the Panel plans to address the issue of new-hire training in May 2002. She suggested the Panel may wish to address the issue in February rather than waiting until May. Ms. Carrillo presented a few options for the Panel to consider until the Panel is able to fully review and address its role in funding new-hire training.

Option 1: Continue funding new-hire projects, however, amend the Panel's Employer Contributions policy to require contributions in new-hire projects to allow for certain contributions from new-hire employers during the employment retention period.

Option 2: Continue funding new-hire projects under current requirements, where employer contributions are not required in new-hire projects.

Option 3: Place a moratorium on future funding of new-hire projects after the December Panel meeting, with the following exceptions:

Given the Panel's commitment to the California Career Ladders to the 21st Century program, allow Career Ladder projects, developed in conjunction with the Employment Development Department, since they are now recognized under the Job Creation category for Panel funding. Under the Career Ladders program, employer commitment (in addition to any monetary contribution to the training) is demonstrated through wage increases and promotions for successful Career Ladder trainees, and resulting job openings as a result of the job promotions.

Allow new-hire projects in industries impacted by the September 11 terrorist attacks, given the recent set-aside of \$10 million for training in industries such as tourism, transportation, and security that were severely affected by those events.

Option 4: Place a moratorium on any future funding of new hire projects after the December Panel meeting, with no exceptions.

Mr. Hodess stated with the relatively small amount of ETP funds available his concern is with the larger more profitable businesses that need trained employees but do not provide any in-kind contribution for the training. He suggested placing a moratorium on new hire contracts with the exception of career ladders projects and projects in industries impacted by the September 11 events.

Mr. Duscha, on behalf of the Alliance for ETP, requested the Panel postpone action on the new hire policy issue to allow time for public input and a more comprehensive discussion. Mr. DeMauro reminded the Panel under Regulation 4405, approved by the Office of Administrative Law, it has broad discretionary powers to establish

funding limits. He stated the Panel may put priorities on funding limitations without going into the regulatory process.

Jim Durbin, Foundation for Educational Achievement, stated this is one of the most critical issues. He stated there are several questions that do need to be addressed before taking any action, i.e., what types of new hire employee contributions that currently exist; the level of contributions ETP expects from contractors; the ways contractors operate in performance-based new hire contracts, if additional restrictions are added; the means by which a multiple employer contractor (MEC) would manage to require new hire employee contributions, and the means by which ETP would make it possible for MEC's to require employer contributions without increasing the high risk factor of a project.

Ms. Kwalwasser had an objection to Option 3 stating that the Panel has an existing category for Career Ladder projects and those projects that have been presented to the Panel as Career Ladder programs have the same issues regarding employer contributions.

Ms. Carrillo proposed the Panel entertain a panel of experienced new-hire contractors at the February Panel meeting. Ms. Kwalwasser requested key questions be forwarded to the Panel in order to have a discussion on all the options.

ACTION: Mr. Hodess moved and Mr. Rankin seconded the Panel adopt Option 3.

Motion carried 3 – 2 ((Roll call vote: Mr. Brown – no; Mr. Hodess – yes; Ms. Murphy – yes, Mr. Rankin – yes; Ms. Kwalwasser – no; Mr. Holstein absent).

High Unemployment Areas

Mr. DeMauro stated the Panel currently has numerous provisions regarding training in high unemployment areas. The Panel's current legislation contains two separate provisions which authorize the funding of training projects for workers in high unemployment areas: standard funding under Unemployment Insurance Code Section 10201.5 and Special Employment Training (SET) funding under Section 10214.5. The Panel previously defined high unemployment areas in the State as counties or subdivisions within counties with an unemployment rate of 50 percent or higher than the State's Unemployment Insurance rate. Mr. DeMauro stated staff is recommending that 50 percent be changed to 25 percent given the increase in the unemployment rate.

Mr. DeMauro stated there is confusion as to which waivers are applicable for high unemployment area projects under the standard funding provisions as opposed to the SET provisions. For example, high unemployment area projects under both funding categories are eligible for a waiver of the ETP minimum wage. However, under the standard funding provisions, this waiver will only be granted if the post-

retention wage of each trainee who has completed training and retention will exceed his/her wage before and during the training period. The SET provisions currently contain no such requirement to obtain a wage waiver. Mr. DeMauro reported that staff has combined into one regulation the provisions from the two regulations and the policy directive. Mr. DeMauro stated the proposed regulation will be publicly noticed for public input and will be brought back to the Panel at the March or April Panel meeting.

Mr. Rankin requested clarifying the wage requirements for trainee wages after training and retention. He requested adding to the regulation that a trainee's wage after training and retention will exceed his or her wage by a minimum of 5 percent before and during training.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve sending out the Proposed Regulation with the modification of including trainee wages shall exceed no less than 5 percent of wages paid before training, and a report on the impact of trainees being retained for 90 days in the same industry rather than with the same employer.

Motion carried, 5 – 0 (Mr. Holstein absent).

Mr. Brown requested staff to follow up and report on the results of the training proposed in the Long Beach Workforce Development Bureau projects. He stated there is a tremendous disparity between the Long Beach proposals with a training cost of \$654 per trainee compared to similar proposals costing ten times more.

XVIII. PUBLIC COMMENT

There were no members of the public who wished to comment.

XIX. EXECUTIVE SESSION

Mr. DeMauro stated there would not be an Executive Session at this month's Panel meeting.

XX. ADJOURN

There being no further business and no objection, the meeting was adjourned at 5:15 p.m.

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Crowne Plaza Hotel
408 Sutter Street
San Francisco, California
December 14, 2001

I. CALL TO ORDER

Ms. Kwalwasser, Acting Chairperson, called the public Panel meeting to order at 10:10 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Acting Chairperson
David Brown
Pat Murphy

Members Absent

Aram Hodess
Robert Holstein
Robert Lennox
Tom Rankin

Executive Staff Present

Peter McNamee, Executive Director
Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

Ms. Kwalwasser stated there was no quorum present; therefore, the Panel would be meeting as a Committee of the Whole. Mr. DeMauro announced there is a continuing motion by the Panel that when there is a lack of a quorum the Panel members present could act as a Committee of the Whole to hear testimony but could not take any action.

III. ECONOMIC MULTIPLIERS

Ms. Murphy introduced Chris Cochran, Senior Economist, Office of Economic Research, California Technology, Trade, and Commerce Agency (TTCA). Mr. Cochran described multipliers as an attempt to measure inter-industry

relationships – the measure of input purchase and output sold. These relationships are not static, but rather are dynamic, and always changing. Businesses are constantly looking for other suppliers, not only for cost competitiveness but to enhance their product, and are also looking for new markets for their final product. The relationships fluctuate with the economic cycle. Multipliers vary in geographic regions. Multipliers are developed by surveying businesses in a pre-defined geographic region. They would be surveyed as to the type and amount of inputs they are purchasing and the type and amounts of products they are selling. Equally important is determining which of those transactions are internal to the defined region and which are external. He stated many times there are transactions with adjoining counties but the multipliers only focus on the one county, which does not give an exact multiplier effect. Mr. Cochran also stated there are several private economical consultants who produce multipliers or have done off-the-shelf multipliers. The EDD economists use multipliers and may also be a source for additional information. He stated the TTCA uses a multiplier analysis compiled by the Federal Government, U.S. Department of Commerce, Bureau of Economic Analysis. Mr. Cochran stated economists do not recommend the use of multipliers for forecasting, as it is not responsive. Ms. Murphy stated the multipliers are helpful for informational purposes only and should not be used as a measurement for targeting resources. Mr. Cochran stated you don't need multipliers to determine what impact ETP training has on the economy, direct testimony from individual employers regarding their operations would be more exact. TTCA utilizes a worksheet to gather statistical information that they would be willing to share with ETP and will send a copy.

IV. MARKETING CONTRACTS

Mr. Lundberg stated approximately 40 percent of all applications requesting ETP funding for training were submitted through the marketing efforts of ETP and the marketing contractors. ETP and its marketing partners have mainly focused their marketing efforts on small businesses, businesses in high unemployment areas, and businesses in rural areas of the State. Mr. Lundberg explained briefly how the marketing contracts are developed. He stated the contract amounts are based on salaries. All the contracts are performance-based; payment is only made upon successful performance.

Mr. Lundberg presented the California Technology, Trade and Commerce Agency (TTCA) which has had an interagency marketing agreement with ETP since 1992. TTCA primarily markets to "RED Team" companies that California is either recruiting to the State or trying to keep within the State, and also focuses on small businesses. Targeted industries include high-tech manufacturing, biotechnology/healthcare, apparel, space & transportation, agriculture, and entertainment/multimedia. Mr. Lundberg introduced Pat Murphy, Assistant Secretary, Division of Economic Development, Technology, Trade & Commerce Agency. Ms. Murphy stated the TTCA's function is to work to enhance the California economy, to support and help

develop a positive business climate, and to foster the creation and retention of new jobs. TTCA has six divisions: Tourism, Science and Technology, Economic Research, International Trade, Infrastructure Bank, Economic Development. She stated TTCA's traditional function has been to market the Agency at trade shows and conferences, promotional activities, advertising; provide technical assistance to communities and industries; provide training and education; and provide funding for various grants and loans. Ms. Murphy stated that TTCA's current contract with ETP is a 2-year commitment in the amount of \$788,868 to provide 70 approved training contracts with 55 contractors due the first year. She stated this is the third quarter of the first year and the Agency has submitted 45 contracts to date.

Mr. Lundberg presented California Labor Federation/AFL-CIO, Workforce & Economic Development (WEB) whose interagency agreement with EDD and ETP is to assist the WED in marketing the ETP program to its union members and partners, thereby assisting ETP in reaching firms/workers covered by collective bargaining agreements. The WED is to bring in applicants from union companies and Joint Apprentice Training Committees with some emphasis on the building trades. Mr. Lundberg introduced Kirstin Spalding, Chief of Staff, California Labor Federation, who described the work of the unions in reaching firms with workers covered by a collective bargaining agreement. Ms. Spalding reported the current one-year contract with ETP is in the amount of \$400,000 and the Federation is to submit 14 approved contracts. She stated the Federation has had some personnel issues but it is optimistic it will be successful in its commitment. Mr. Lundberg stated the ETP contract is a performance-based contract and the Federation is paid for the eligible contracts as they are submitted. Mr. Lundberg stated that this project is jointly funded with EDD. EDD is funding approximately \$1 million per year.

Mr. Lundberg presented the California Manufacturers Technology Association (CMTA) which markets to its manufacturing company members that are eligible, companies in targeted industries. Targeted industries include food processing, space & transportation, professional and business services, agriculture, and electronics/computers, with emphasis on small to medium-sized manufacturers. Mr. Lundberg introduced Brian McMahon. Mr. McMahon reported CMTA has been involved with ETP in an advocacy standpoint before the legislature, budget committees, and policy related committees both on budget issues and program refinement issues. He stated from a programmatic standpoint, CMTA is involved in workforce and training issues and has worked with developing and administering ETP projects since the inception of the ETP program. Mr. McMahon stated this is the second contract between CMTA and ETP. He stated the first contract, which ended May 2001, required submission of 16 applications, and CMTA submitted 24 applications. Sixteen contracts have been submitted to date in the current two-year contract, which began in July 2001. Mr. McMahon stated the most effective marketing is working one-on-one with employers. They have had quite a bit of success with contacts through the Internet.

Mr. Lundberg announced the representative from the California Chamber of Commerce had a prior commitment and could not attend today's Panel meeting. Mr. Lundberg stated the California Chamber of Commerce markets to local Chambers of Commerce that serve thousands of businesses throughout the entire State, which includes the rural areas.

Mr. Lundberg presented the Latin Business Association (LBA) which markets ETP's program to Latino firms and various partners in the Latino community. Targeted industries include small businesses and all manufacturing, specifically in high unemployment areas. Mr. Lundberg introduced Maria Solano, Executive Director. Ms. Solano stated the LBA serves more than 500,000 Latino businesses in California. She stated that more than 90 percent of Latino businesses have fewer than 100 employees. She stated the LBA works in partnership with the Hispanic Chamber of Commerce, which also serves the Latino community. She stated that with the assistance of ETP funding, the small business owners, who have cash flow problems, would be able to participate in training programs. Ms. Solano reported the LBA has submitted three applications to date under their current one-year contract, which began April 30, 2001. The contract is for a total of six applications for a total contract amount of \$250,000. She stated there are currently 17 employers in the pipeline.

Mr. Lundberg presented the California Association for Local Economic Development (CALED) which primarily markets the ETP program to companies via their contacts with local Economic Development Centers and their membership employers. Targeted industries include small businesses, and all manufacturing, specifically in high unemployment areas and focused on the rural areas of the State. Mr. Lundberg introduced Kay Reynolds. She stated the most successful marketing technique involves being a partner with each employer, working one-on-one, and remaining in constant contact. She stated one of the main reasons the marketing efforts have been so successful this past year was due to the quality of the ETP staff. The Marketing meetings have been excellent, and being able to share information on marketing techniques has been extremely helpful. Information shared also prevents duplication of marketing efforts and in some cases there have been joint marketing efforts with the other Marketing contractors.

Mr. Lundberg presented the Employment Development Department – Techforce Initiative which primarily markets Information Technology (IT) training through the Workforce Investment Boards, technology groups, and companies using or in need of high-tech, IT training. Targeted industries are biotechnology, hi-tech manufacturing, software & computers, and professional service providers. EDD will target areas of high unemployment, as well as unemployed and underemployed workers. Mr. Lundberg introduced Eric Alexander. Mr. Alexander stated EDD's marketing activities are more aptly described as consultant to local partnerships. EDD has been targeting efforts to the small business with fewer than 100 employees. The goal of EDD is to ensure that California employers have a well-

developed labor pool of mid-level IT, systems administrators, network administrators, computer support specialists.

Mr. Lundberg stated all of the Marketers are marketing the value of training and how training is important for the success of companies. He stated the quarterly Marketing meetings that ETP has been holding throughout the State are attended by all the Marketing contractors and have been very successful.

V. ADJOURN

Ms. Kwalwasser adjourned the meeting at 12:35 p.m.